

**SUBSTITUTE AMENDMENT OFFERED BY MR.  
BUYER OF INDIANA  
TO THE AMENDMENT OFFERED BY MR. TAYLOR  
OF MISSISSIPPI TO H.R. 4205, AS REPORTED**

Amend section 725 (page 231, line 3, and all that follows through page 232, line 21) to read as follows:

**1 SEC. 725. MEDICARE SUBVENTION PROJECT FOR MILITARY  
2 RETIREES AND DEPENDENTS.**

3 (a) EXPANSION OF PROJECT.—Section 1896(b) of  
4 the Social Security Act (42 U.S.C. 1395ggg(b)) is  
5 amended—

6 (1) by amending paragraph (2), to read as fol-  
7 lows:

8 “(2) EXPANSION; LOCATION OF SITES.—Not  
9 later than December 31, 2002, in addition to the  
10 sites at which the project is already being conducted  
11 before the date of the enactment of this paragraph  
12 and subject to annual appropriations, the project  
13 shall be conducted at any site that includes a mili-  
14 tary treatment facility that is considered by the Sec-  
15 retary of Defense to be a major medical center and  
16 that is designated jointly by the administering Secre-  
17 taries. The total number of sites at which the project  
18 may be carried out shall not exceed 14, and the total



1 number of military treatment facilities at which the  
2 project may be carried out shall not exceed 24.”;

3 (2) in paragraph (4), by striking “3-year period  
4 beginning on January 1, 1998” and inserting “pe-  
5 riod beginning on January 1, 1998, and ending on  
6 December 31, 2003”; and

7 (3) by adding at the end the following new  
8 paragraph:

9 “(6) ADMINISTRATION OF PROJECT.—Not later  
10 than September 30, 2002, the administering Secre-  
11 taries shall undertake measures to ensure that the  
12 project under this section is being conducted, and  
13 reimbursements are being made, in accordance with  
14 subsection (i), including discussions regarding re-  
15 negotiation of the agreement authorized under sub-  
16 section (b)(1)(A).”.

17 (b) AUTHORITY TO MODIFY AGREEMENT.—Such sec-  
18 tion is further amended—

19 (1) in paragraph (1)(A), by inserting “, which  
20 may be modified if necessary” before the closing pa-  
21 renthesis; and

22 (2) in paragraph (5), by striking “At least 60  
23 days” and all that follows through “agreement” and  
24 inserting “The administering Secretaries shall also



1 submit on an annual basis the most current agree-  
2 ment”.

3 (c) CONTINUATION OF PROVISION OF CARE.—Section  
4 1896(b) of such Act is further amended by adding at the  
5 end the following new paragraph:

6 “(7) CONTINUATION OF PROVISION OF CARE.—  
7 With respect to any individual who receives health  
8 care benefits under this section before the date of  
9 the enactment of this paragraph, the administering  
10 Secretaries shall not terminate such benefits unless  
11 the individual ceases to fall within the definition of  
12 the term ‘medicare-eligible military retiree or de-  
13 pendent’ (as defined in subsection (a)). Notwith-  
14 standing paragraph (2), the administering Secre-  
15 taries shall continue to provide health care under the  
16 project at any military treatment center at which  
17 such care was provided before the date of the enact-  
18 ment of this paragraph.”.

19 (d) PAYMENTS.—Section 1896 of such Act is further  
20 amended by adding at the end the following new sub-  
21 section:

22 “(m) PAYMENTS TO MILITARY TREATMENT FACILI-  
23 TIES.—The Secretary of Defense shall reimburse military  
24 treatment facilities for the provision of health care under  
25 this section.”.



1 (e) ELIMINATION OF RESTRICTION ON ELIGI-  
2 BILITY.—Section 1896(b)(1) of such Act is amended by  
3 adding at the end the following new subparagraph:

4 “(C) ELIMINATION OF RESTRICTIVE POL-  
5 ICY.—If the enrollment capacity in the project  
6 has been reached at a particular site designated  
7 under paragraph (2) and the Secretary there-  
8 fore limits enrollment at the site to medicare-  
9 eligible military retirees and dependents who  
10 are enrolled in TRICARE Prime (within the  
11 meaning of that term as used in chapter 55 of  
12 title 10, United States Code) at the site imme-  
13 diately before attaining 65 years of age, partici-  
14 pation in the project by a retiree or dependent  
15 at such site shall not be restricted based on  
16 whether the retiree or dependent has a civilian  
17 primary care manager instead of a military pri-  
18 mary care manager.”.

19 (f) MEDIGAP PROTECTION FOR ENROLLEES.—Sec-  
20 tion 1896 of such Act is further amended by adding at  
21 the end the following new subsection:

22 “(m) MEDIGAP PROTECTION FOR ENROLLEES.—(1)  
23 Subject to paragraph (2), the provisions of section  
24 1882(s)(3) (other than clauses (i) through (iv) of subpara-  
25 graph (B)) and 1882(s)(4) of the Social Security Act shall



1 apply to any enrollment (and termination of enrollment)  
2 in the project (for which payment is made on the basis  
3 described in subsection (i)) in the same manner as they  
4 apply to enrollment (and termination of enrollment) with  
5 a Medicare+Choice organization in a Medicare+Choice  
6 plan.

7 “(2) In applying paragraph (1)—

8 “(A) in the case of an enrollment that occurred  
9 before the date of the enactment of this subsection,  
10 the enrollment (or effective date of the enrollment)  
11 is deemed to have occurred on such date of enact-  
12 ment for purposes of applying clauses (v)(III) and  
13 (vi) of section 1882(s)(3)(B) of such Act; and

14 “(B) the notification required under section  
15 1882(s)(3)(D) of such Act shall be provided in a  
16 manner specified by the Secretary of Defense in con-  
17 sultation with the Secretary of Health and Human  
18 Services.”.

19 (g) IMPLEMENTATION OF UTILIZATION REVIEW  
20 PROCEDURES.—Subsection (b) of such section is further  
21 amended by adding at the end the following:

22 “(8) UTILIZATION REVIEW PROCEDURES.—The  
23 Secretary of Defense shall develop and implement  
24 procedures to review utilization of health care serv-  
25 ices by medicare-eligible military retirees and de-



1       pendents under this section in order to enable the  
2       Secretary of Defense to more effectively manage the  
3       use of military medical treatment facilities by such  
4       retirees and dependents.”.

5       (h) REPORTS.—(1) Subsection (k)(1) of such section  
6       1896 is amended—

7               (A) in the second sentence, by striking “3½  
8       years” and inserting “4½ years”; and

9               (B) by redesignating subparagraph (O) as sub-  
10       paragraph (T); and

11              (C) by inserting after subparagraph (N) the fol-  
12       lowing new subparagraphs:

13                       “(O) Patient satisfaction with the project.

14                       “(P) Which interagency funding mecha-  
15       nisms would be most appropriate if the project  
16       under this section is made permanent.

17                       “(Q) The ability of the Department of De-  
18       fense to operate an effective and efficient man-  
19       aged care system for medicare beneficiaries.

20                       “(R) The ability of the Department of De-  
21       fense to meet the managed care access and  
22       quality of care standards under medicare.

23                       “(S) The adequacy of the data systems of  
24       the Department of Defense for providing time-  
25       ly, necessary, and accurate information required



1 to properly manage the demonstration  
2 project.”.

3 (2) Section 724 of the Strom Thurmond National De-  
4 fense Authorization Act for Fiscal Year 1999 (Public Law  
5 105–261; 10 U.S.C. 1108 note) is amended by inserting  
6 “the demonstration project conducted under section 1896  
7 of the Social Security Act (42 U.S.C. 1395ggg),” after  
8 “section 722,”.

9 (3) Not later than July 1, 2002, the Secretary of De-  
10 fense shall submit to the independent advisory committee  
11 established in section 722(c) a report on the actions taken  
12 to provide that the project established under section 1896  
13 of the Social Security Act (42 U.S.C. 1395ggg) is being  
14 conducted on a cost-neutral basis for the Department of  
15 Defense.

16 (4) Not later than December 31, 2002—

17 (A) the Secretary of Defense shall submit to  
18 Congress a report on such actions; and

19 (B) the General Accounting Office shall submit  
20 to Congress a report assessing the efforts of the De-  
21 partment regarding such actions.

